

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE  
SECURITIES DIVISION**

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**IN THE MATTER OF**

**JWM Ventures LLC,  
Angeles Fields Partners, LLC  
Solie Gracie, LLC**

**and**

**John McDonald, Individually**

***Respondents***

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**Administrative CD Order  
Number LS-16-2024**

**ORDER TO CEASE AND DESIST, TO PAY RESTITUTION,  
AND TO PAY ADMINISTRATIVE PENALTY**

**WHEREAS**, the Securities Division of the Mississippi Secretary of State ("Division"), has the authority to administer and provide for the enforcement of all provisions of the Mississippi Securities Act ("Act") codified at Mississippi Code Annotated Sections 75-71-101, *et seq.*; and

**WHEREAS**, Respondents have violated the Act by engaging in fraud in connection with the offer and sale of securities in the State of Mississippi; and

**WHEREAS**, the Division is authorized to issue an order requiring a person to pay restitution for any loss or disgorge any profits arising from violations of the Act or a rule adopted or order issued under the Act; to impose a civil penalty for violations of the Act or a rule adopted or order issued under the Act; and to direct any person to cease and desist from engaging in the act, practice, or course of business when the Administrator determines a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act; and

**WHEREAS**, action by the Division in this instance is necessary and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act;

**NOW, THEREFORE**, the Division, as Administrator of the Act, hereby enters its Order to Cease and Desist, to Pay Restitution, and to Pay Administrative Penalty:

### **I. PARTIES**

1. The Secretary of State ("Administrator") has the authority, pursuant to the Act, to administer and enforce the Act and regulate the offer and sale of securities in Mississippi, including the firms and persons who offer or sell securities or who provide investment advice regarding securities.
2. Respondent John W. McDonald ("McDonald") is an individual with a last known residence at 3769 Mesa Linda Drive, Las Vegas, NV 89120.
3. Respondent JWM Ventures, LLC ("JWM") is a Nevada limited liability company, having filed its Certificate of Formation in Nevada on September 12, 2008, with a last known address of 376 E. Warm Springs Road, Las Vegas, NV 89119. McDonald is both President and Registered Agent for JWM.
4. Respondent Angeles Field Partners, LLC ("AFP") was a California limited liability company, having filed its Certificate of Formation in California on July 25, 2007. AFP's registration was suspended by California upon the resignation of its registered agent on February 17, 2009. AFP's last known address is 1055 East Colorado Blvd., Suite 510, Pasadena, California 91106. McDonald was the President and CEO of AFP, having formed the LLC for purposes of the project giving rise to the securities that are the subject of this order, as will be set forth below.
5. Respondent Solie Gracie, LLC, ("SG") was a California limited liability company,

having filed its Certificate of Formation in California on June 19, 2007. Like AFP, SG's registration was also suspended by California at a date unknown. Like AFP, SG was formed for purposes of the project giving rise to the securities that are the subject of this order, as will be set forth below. Warren Hughes is listed as the Registered Agent and his last known address is 3838 W. Carson St., Suite 200, Torrance, California 90503.

## II. FINDINGS OF FACT

6. None of the Respondents are registered in the Central Registrations Depository ("CRD") and no Respondent has ever been registered in Mississippi as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative.

7. On October 3, 2006, AFP and SG collectively entered an Exclusive Negotiation Agreement ("ENA") with the Lynwood Redevelopment Agency ("LRA"), a redevelopment agency serving the City of Lynwood, California ("City"). The agreement concerned a redevelopment project for retail, housing, entertainment, and a National Football League stadium or a Major League Soccer stadium (the "Project") in the City. *See Exhibit A, JAMS Arbitration Case Reference No. 1200043851, attached hereto and incorporated by this reference.*<sup>1</sup>

8. On or about September 27, 2007, the Mayor and three City Council Members of the City were removed pursuant to a recall election.

9. On October 2, 2007, following the recall election, AFP and SG (hereinafter, collectively "AFP"), and the newly comprised LRA executed an amendment to the ENA. The ENA, as amended, required AFP to deliver a \$500,000 deposit, to submit certain documents, and perform certain due diligence. AFP did not deliver the \$500,000 deposit.

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<sup>1</sup> The JAMS Final Award is referenced because, among other things it sets forth the factual timeline of Respondents' dealings with the City of Lynwood, CA. The exhibit only serves to establish the JAMS ruling itself and to give background to the Project up through the JAMS ruling on November 8, 2011. It is not intended to set forth disputed facts. The exhibit is not necessary to the Administrator's further findings of fact or conclusions of law.



10. On or about October 9, 2007, a Lynwood, California City Council member filed suit to enjoin the Project. The injunction was granted, and ultimately, the ENA was held to be invalid by a California trial court. AFP appealed and the California Court of Appeal reversed, stating the ENA was valid, and the California Supreme Court ultimately denied the LRA's further appeal.

11. On April 20, 2010, LRA sent a letter to AFP acknowledging the validity of the ENA and giving AFP 45 days to submit the \$500,000 deposit to the City. AFP initially did not respond, but sometime after the 45 days had expired, agreed to give the deposit pursuant to certain terms not contemplated by the ENA, including a funds disbursement agreement. The LRA agreed to include the funds disbursement agreement, but did not respond to AFP's request to toll the termination notice due to AFP's failure to comply within a set time. The LRA refused AFP's request that the funds be held in trust by LRA's counsel.

12. On June 15, 2010, the LRA Board made a resolution terminating the ENA and Amended ENA. Subsequently, AFP demanded arbitration to decide whether AFP had violated the ENA, allowing LRA to terminate it. *See Exhibit B, "Resolution No. 2010.032," attached hereto and incorporated by this reference.*

13. The JAMS Arbitration Panel issued its Ruling on November 8, 2011. AFP prevailed at Arbitration, with the arbitration panel ruling that AFP did not violate the ENA by not surrendering the \$500,000 deposit. Through subsequent negotiations, AFP subsequently tendered the deposit to the City.

14. The ENA prohibited the City from dealing with any other Developer for the proposed Project, but in itself was not an agreement for AFP to perform the Project. Subsection D of the Recitals of the ENA provided for the parties to agree upon and prepare a Disposition and Development Agreement ("DDA"), which would establish that the City desired the Project and

that AFP would perform the Project. *See Exhibit C "Exclusive Negotiation Agreement" attached hereto and incorporated by this reference.*

15. The ENA sets forth at Subsection 4 that "[I]n the event [the ENA] is terminated other than by the approval of a DDA by [LRA], neither party shall have any further rights or obligations to the other party..." The ENA further designates at Subsection 5 that McDonald would be the lead negotiator of the Developer "with full authority to act on behalf of the Developer." The ENA also sets forth at Subsection 7 the nature of the Project as consisting "primarily of approximately 2.5 million square feet comprised of a 70,000 seat capacity and state-of-the-art type National Football League Stadium" along with hotels, mixed use, office space and "approximately 1,000 residential units..." Finally, the ENA sets forth at Subsection 9 the essential terms and conditions of the DDA were "to be negotiated and drafted pursuant to this Agreement." None of those essential terms were included in the ENA itself. As the ENA makes clear, the essential terms and conditions of any agreement to develop the Project would be found in a subsequent contract – the DDA.

16. Despite the affirmed validity of the ENA as set forth above, AFP and the City never entered into any DDA.

17. On December 29, 2011, the California Supreme Court handed down a ruling that invalidated and dissolved all state redevelopment agencies like LRA. Subsequently, in January, 2012, pursuant to the Supreme Court's ruling, the City, by resolution, assumed all obligations and contracts of LRA. *See Exhibit D, Minutes of City Council Meeting January 10, 2012, attached hereto and incorporated by this reference.*

18. On January 23, 2012, counsel for AFP, Bryan Thomas ("Thomas") wrote to counsel for the City and requested release of the \$500,000 deposit AFP had tendered to the City by a deadline of Feb. 1, 2012. Thomas cited as the reason the "[LRA's] ability to no longer operate

pursuant to the terms and conditions of the ... ENA... [p]ursuant to the recent [CA] Supreme Court decision.” In the same letter, AFP proposed working “directly with the city regarding development opportunities” and stated that AFP is “prepared to deposit \$100,000 with the City for the cost...regarding the Soccer Stadium.” The City subsequently released the deposit. *See Exhibit E, Bryan Thomas letter January 23, 2012, attached hereto and incorporated by this reference.*<sup>2</sup>

19. On or about July 2, 2012, AFP filed a Form D with the Securities and Exchange Commission to offer investment in the Project pursuant to Regulation D Rule 506. AFP never notice-filed the Regulation D offering with the Division, as required by the Act.

20. In September and October of 2012, residents of the City attended a City Council meeting and inquired as to the status of the Project because “Angeles Field Partners and JWM Ventures developers” were making contact with business owners in the proposed Project area, attempting to get them to sale property. The resident asked for clarification on the City’s involvement in the project and requested a ban on solicitation. The City Attorney clarified that the City was not “involved in the Angeles Fields venture at all” and that “any solicitation that misrepresents the City’s involvement [was] fraud.” The City Attorney also reported that his office had sent letters to JWM and AFP stating that “their claims [were] false and demanding that they stop giving the community false information.” *See Exhibit F, Minutes of City Council Meeting, November 6, 2012, attached hereto and incorporated by this reference.*

21. On October 10, 2012, Thomas again wrote to the City attorney in response to the October City Council meeting referenced above. Thomas averred that AFP was “not engaged in any land assemblage... within the City of Lynwood” and referenced a real estate purchase agreement

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<sup>2</sup> Thomas letter was emailed to counsel for the City. A copy of the email delivering the letter is also included as part of the Exhibit.



between a city resident and JWM. Thomas stated that the purchase agreement “clearly states that the buyer does not have a development deal with the City of Lynwood and that the closing of escrow shall be conditioned upon said event occurring.” Thomas’ letter goes on to threaten legal action against the City, but also states that “[AFP] has made NO representation to residents... that it has a development deal with the City.” *See Exhibit G, Bryan Thomas letter October 10, 2012, attached hereto and incorporated by this reference.*<sup>3</sup>

22. On December 12, 2012, a resident of the City wrote to the City Manager, advising that he had entered into a contract to sell his property to JWM, “the developer that will be constructing the above [Angeles Fields Project] project” and urging the City to “approve the “Development Agreement” as soon as possible.” The letter notes that approval of the DDA is “necessary, prior to commencement to construction” and as a property owner, the resident “strongly recommend[s] that the City approve the “Development Agreement.” *See Exhibit H, Letter from Resident, attached hereto and incorporated by this reference.*

23. On January 22, 2013, the City wrote to Thomas, in response to a December 12, 2012 letter from Thomas. The City’s attorney detailed that:

- (a) AFP had never submitted any application for the Project;
- (b) The City was not interested in entertaining requests to negotiate a development agreement or to negotiate any tax pledge or other assistance for the Project, whether financial or otherwise;
- (c) The City wanted to make clear that Thomas’ client’s requests to negotiate with the City were not supported and would not be honored by the City;

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<sup>3</sup> Thomas’ second letter references a website posting by the City entitled “No Cause for Alarm.” A copy of the website article, printed in a local newspaper, is made part of Exhibit E. Thomas letter was emailed. A copy of the email delivering the letter is also included.

- (d) LRA could not entertain any further requests from AFP for any Disposition and Development Agreement and that the prior ENA was void by operation of law;
- (e) LRA had returned the \$500,000.00 deposit, and AFP accepted the same; and
- (f) Neither “the LRA nor the City [had] any further obligations to work with [AFP] on any development proposal in the City.”

The City’s letter finally set forth that its intent was to clarify “the City’s position and that no representations will be made by [AFP] to the public, City residents, businesses, or other interested parties that the City supports this [P]roject in any way.” *See Exhibit I, January 22, 2013 Letter from City to counsel for AFP, attached hereto and incorporated by this reference.*

24. On March 12, 2013, the City, through Milam Garrison, Planning Consultant, sent a letter to Leo Rebele of Gannett Fleming, Inc. Engineering Firm, McDonald, and JWM (not AFP) regarding “[a] proposal to construct a temporary sports stadium for Major League Soccer (MLS), Chivas USA, and the United States Football League (USFL).” The City advised McDonald and Rebele that the “project was deemed incomplete and... that all Code deficiencies must be rectified prior to any further processing of the application.” The City referenced an earlier letter regarding the same subject, sent on February 19, 2013, and advised “that the proposed use was not expressly permitted or conditionally permitted... that “a Zoning Text Amendment or Specific Plan would be required,” and that City Staff “would not recommend favorably” such requests. The City further advised McDonald and Rebele that it did not want them “under the impression that if [they] were to correct all of the Code deficiencies or attempt to modify the drawings, that the project would be supported by City Staff.” *See Exhibit J, March 12, 2013 City letter to McDonald, attached hereto and incorporated by this reference.*

25. Less than a month following the above-referenced letter from the City in March 2013,



McDonald traveled personally to Mississippi and engaged at least two potential investors.

Between April 6, 2013 and July 30, 2013, in person and by phone, McDonald offered and sold investment in the Project to Mississippi investors RJ and VMD.

26. McDonald was introduced to RJ and VMD by RJ's brother. In each case, the Mississippi investor apprised McDonald of their financial situation. VMD advised McDonald that she had a life savings of \$30,000. RJ advised McDonald that she was a retiree on a fixed income of \$1,800 per month, and that \$60,000 was the bulk of her retirement savings. McDonald presented a subscription agreement for investment in AFP to them each, and advised each that they did not need to read the agreement, only initial the bottom of each page, and sign in the signature block.

27. RJ, a retired state worker, invested \$62,000 between April and July 2013 in six different installments. Funds came from RJ's state retirement. RJ's initial investment was \$10,000, but McDonald continued to call RJ and tell her he needed more money until RJ ultimately gave McDonald a total of \$62,000. Each installment was by wire transfer to McDonald's account. *See Composite Exhibit K, affidavit of RJ and other supporting documents, attached hereto and incorporated by this reference.*<sup>4</sup>

28. VMD, a beautician earning \$22,000 per year and single mother of two, one in high school and one in college, invested \$25,000 of her \$30,000 life savings on July 30, 2013. The investment was made by wire transfer to McDonald's account. *See Composite Exhibit L, affidavit of VMD, including evidence of wire transfer, attached hereto and incorporated by this reference.*

29. As stated in their affidavits, McDonald represented to RJ and VMD that "Angeles Field

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<sup>4</sup> Supporting documents include a membership certificate, subscription agreement, and wire transfer receipts totaling \$58,000.00. RJ could not produce evidence of the final wire transfer amount of \$4,000.00. Although RJ's affidavit states that she invested "approximately \$60,000" her formal complaint alleges \$62,000.00 invested. RJ also acknowledges that McDonald repaid her \$8,000 and the restitution ordered below is predicated on the same.

Partners was going to build a stadium arena in the Los Angeles area” and “ it was a good time to invest in the Project because it was nearing the end of a stage,” and that RJ and VMD “would get [their] money back in about six weeks [or 90 days, in RJ’s case] plus receive more income after that.” McDonald represented that the investment “was a sure thing.”

30. McDonald showed Mississippi investors Project renderings and a “flyover” video presentation of the Project.

31. McDonald provide a subscription agreement to the Mississippi investors that included the Language, “[T]he Company warrants and represents that it should start construction on the project known as “Angeles Field” within the year 2013.” McDonald further represented through the subscription agreement that “[I]n addition, Company warrants and represents that it should secure either all or a substantial portion of said financing for the project hereunder pursuant to the New Market Tax Credits, Federal and State Tax Credits, EB Five and bond financing.” The subscription agreement further represented that AFP was “authorized to do business in California.”<sup>5</sup>

### III. APPLICABLE LAW

32. Miss. Code Ann. § 75-71-102 (28) sets forth:

**Definitions.**

"Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of,

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<sup>5</sup> The subscription agreement is not included as a separate exhibit but one such agreement is part of Composite Exhibit K.



or warrant or right to subscribe to or purchase, any of the foregoing. The term includes both a certificated and an uncertificated security. The term does not include an insurance or endowment policy or annuity contract under which an insurance company promises to pay a sum of money either in a lump sum or periodically for life or other specified period; or an interest in a contributory or noncontributory pension or welfare plan subject to the Employee Retirement Income Security Act of 1974. An "investment contract" includes, among other contracts, an investment in a limited partnership, an interest in a limited liability company, an investment in a viatical settlement or similar agreement, and an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

33. Miss. Code Ann. § 75-71-302(c) sets forth:

**Notice filings for federal covered securities under Section 18(b)(4)(E).**

With respect to a security that is a federal covered security under Section 18(b)(4)(E) of the Securities Act of 1933 (15 USC Section 77r(b)(4)(E)), a rule under this chapter may require a notice filing by or on behalf of an issuer to include a copy of Form D, including the Appendix, as promulgated by the Securities and Exchange Commission, and a consent to service of process complying with Section 75-71-611 signed by the issuer not later than fifteen (15) days after the first sale of the federal covered security in this state and the payment of a fee as set forth in Section 75-71-310; and the payment of an additional fee the amount set forth in Section 75-71-310 for any late filing.

34. Rule 2.29 of the Act sets forth:

**Notice filings for Rule 506 Offerings.**

A. An issuer offering a security that is a covered security under Section 18(b)(4)(D) of the Securities Act of 1933 must submit to the Division or its designee, no later than fifteen (15) days after the first sale of such federal covered security in this state unless the end of that period falls on a Saturday, Sunday, or state or federal holiday, in which case the due date would be the first business day following, a conformed copy of an electronically filed SEC Form D as filed with the SEC in the version of that form accepted at the time of filing by the SEC for filings made pursuant to the Securities Act of 1933, Regulation D, Rule 230.506, the fee set forth in Section 75-71-310(b) of the Act and any late fee (if applicable) as set forth in Section 75-71-310(b) of the Act.

35. Miss. Code Ann. § 75-71-310(b) sets forth:

**Required fees for notice filings for federal covered securities.**

The filing fee for a notice filing with respect to a security that is a federal covered security under of the Securities Act of 1933 (15 USC Section 77r) is Three



Hundred Dollars (\$300.00). The fee for a late filing, which is an additional fee, is one percent (1%) of the dollar amount of the offering sold in the state up to a maximum of Five Thousand Dollars (\$5,000.00).

36. Miss. Code Ann. § 75-71-501 sets forth:

**General fraud.**

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

- (1) To employ a device, scheme, or artifice to defraud;
- (2) To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

37. The Division may employ remedies set out in Miss. Code Ann. § 75-71-604 of the Act:

**Administrative enforcement.**

- (a) Issuance of an order or notice. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the Administrator may:

- (1) Issue an order directing the person to cease and desist from engaging in the act practice or course of business or to take other action necessary or appropriate to comply with this chapter;

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- (3) Issue an order:

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- (B) Imposing a civil penalty in the case of an issuer of registered securities, broker-dealer, investment advisor, agent, investment adviser representative, or other person who violated this chapter;

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- (D) Barring or suspending the person from association with a broker-dealer or investment advisor registered in this state;

or requiring the person to pay restitution for any loss or disgorge any profits arising from the violation, including interest.

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(g) Enforcement by court; further civil penalty. If a person does not comply with an order under this section, the administrator may petition a court of competent jurisdiction to enforce the order and collect administrative civil penalties and costs imposed under the final order. The court may not require the administrator to post a bond in an action or proceeding under this section. If the court finds, after service and opportunity for hearing, that the person was not in compliance with the order, the court may adjudge the person in civil contempt of the order. The court may impose a further civil penalty against the person for contempt in an amount set forth in Section 75-71-613 for each violation and may grant any other relief the court determines is just and proper in the circumstances.

38. Miss. Code Ann. § 75-71-613(d) sets forth:

**(d) Amount of civil penalty and further civil penalty under Section 75-71-604--administrative enforcement.**

(1) The amount of the civil penalty described in Section 75-71-604(d) is a maximum of Twenty-five Thousand Dollars (\$25,000.00) for each violation, provided that an additional civil penalty may be imposed up to a maximum of Fifteen Thousand Dollars (\$15,000.00) for violations of the chapter committed against elders or disabled persons.

(2) The amount of the further civil penalty described in Section 75-71-604(g) is a maximum of Twenty-five Thousand Dollars (\$25,000.00) for each violation.

**ACTION NECESSARY TO PROTECT THE PUBLIC**

39. The previous paragraphs are incorporated by this reference.

40. Action by the Division is necessary and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act.

41. Based upon the foregoing Findings of Fact, the Division makes the following:

**IV. CONCLUSIONS OF LAW**

42. The previous paragraphs are incorporated by this reference.

43. The Administrator, after consideration of the facts set forth above, finds and concludes that the Secretary has jurisdiction over the Respondents and this matter and that the following is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by the Act.

44. At all relevant times to the Mississippi transactions, McDonald knew that the Project had been fully rejected by the City, that no DDA had been entered with the City, and that the Project could not move forward without a DDA. McDonald knew at the time he represented to Mississippi investors that his company “was going to build a stadium arena in the Los Angeles area” and that RJ and VMD would get their “investment money back in about six weeks” or “ninety days” that neither he nor any entity associated with the Project had a DDA in place with the City, and, therefore, that there were no plans for the Project to move forward. The attorney for AFP acknowledged as early as October 12, 2012 that “there is no development deal with the City” and that AFP “made NO representation [to residents of the City] that it has a development deal with the City,” and yet, McDonald offered investment in the Project to RJ and VMD more than six months later. McDonald knew, no later than when AFP’s attorney received the City’s letter dated January 22, 2013 (by U.S. Mail and email), that the City had no further interest in the Project, would not support the Project by tax pledge or other financial assistance, and would not enter a DDA. McDonald violated Section 75-71-501(2) of the Act when McDonald failed to disclose that the Project had never proceeded beyond the ENA stage, that no DDA or any final agreement had ever been negotiated with or entered by the City, and that the City no longer had any interest in the Project.

45. McDonald knew, at the time he represented to RJ and VMD that their investment was a “sure thing,” that the Project was not only highly speculative, but in fact that the City had no further interest in the Project. McDonald violated Section 75-71-501(2) of the Act when



McDonald made the untrue statement of material fact that the investment was a “sure thing,” knowing that the Project had never proceeded beyond the ENA stage, that the City had rejected the Project, would not support the Project by tax pledge or other financial assistance, and would not enter a DDA.

46. McDonald made material misrepresentations to Mississippi investors RJ and VMD through the subscription agreement when he represented that AFP “should start construction on the project known as “Angeles Field” within the year 2013.” McDonald knew when he made this misrepresentation that the Project had never proceeded beyond the ENA stage, that the City had no further interest in the Project, would not support the Project by tax pledge or other financial assistance, and would not enter a DDA. McDonald violated Section 75-71-501(2) of the Act with this material misrepresentation.

47. McDonald made material misrepresentations to Mississippi investors RJ and VMD through the subscription agreement when he represented that AFP “should secure either all or a substantial portion of said financing for the project hereunder pursuant to the New Market Tax Credits, Federal and State Tax Credits, EB Five and bond financing.” McDonald knew at the time he made this misrepresentation that there was no Project to finance; that the Project had never proceeded beyond the ENA stage, that the City had no further interest in the Project, would not support the Project by tax pledge or other financial assistance, and would not enter a DDA. McDonald violated Section 75-71-501(2) of the Act by this material misrepresentation.

48. McDonald made material misrepresentations to Mississippi investors RJ and VMD through the subscription agreement when he represented that AFP was “authorized to do business in California.” McDonald knew when he made this misrepresentation that AFP’s registration was suspended by California upon the resignation of its registered agent on February

17, 2009, and that the entity was not authorized to conduct business in California. McDonald violated Section 75-71-501(2) of the Act with this material misrepresentation.

49. McDonald showed Mississippi investors Project renderings, and a "flyover" video presentation of the Project.<sup>6</sup> The renderings and video together gave an evidence of legitimacy to himself and the Project, although McDonald knew the Project had never advanced beyond the proposal stage and had been fully rejected by the City. McDonald violated Section 75-71-501(1) of the Act by supplying investors with these elements, as the same were part of a scheme to defraud. McDonald used these elements to assist him in fraud in violation of the Act.

50. McDonald met with RJ and VMD in person and each investor advised him of their financial situation and means. McDonald knew that RJ and VMD were not accredited investors. McDonald engaged in acts, practices, and a course of business that he knew operated as a fraud upon investors, in violation of Section 75-71-501(3) when he advised VMD and RJ to initial and sign a subscription agreement without reading it, knowing that to do so would be acknowledging that RJ and VMD were accredited investors when McDonald knew neither could meet the net worth or income requirements.

51. AFP, through McDonald, offered and sold securities to Mississippi investors pursuant to a Regulation D offering, without notice filing the offering in Mississippi, in violation of Section 75-71-302(c) and Rule 2.29 of the Act, and without paying the Three Hundred Dollar (\$300.00) filing fee or the Eight Hundred Seventy Dollar (\$870.00) late fee (1% of the dollar amount of the offering sold in the state) required by Section 75-71-310(b) of the Act.

52. To date, no legal or administrative action has been taken against Respondents by any

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<sup>6</sup> The renderings and flyover video are not included as exhibits, but can be made available, along with other documentary evidence not amenable to exhibits, if necessary.

other jurisdiction for fraudulent acts in connection with the sale of interest in the Project and it is possible Respondents may continue to defraud Mississippi investors.

## **V. ORDER**

IT IS HEREBY ORDERED:

1. That Respondents immediately CEASE AND DESIST from offering for sale and selling any security in Mississippi;
2. It is FURTHER ORDERED that Respondent McDonald immediately PAY RESTITUTION to investors RJ and VMD, in the amount of Fifty Four Thousand Dollars (\$54,000.00) to RJ and Twenty-five Thousand Dollars (\$25,000.00) to VMD, plus interest at the legal rate of interest from the date of purchase;
3. It is FURTHER ORDERED that Respondent McDonald immediately PAY AN ADMINISTRATIVE PENALTY of Thirty Five Thousand Dollars (\$35,000.00) for seven violations of the Section 75-71-501 of the Act as set forth above.
4. It is FURTHER ORDERED that Respondent immediately PAY THE ADMINISTRATIVE FEES consisting of the Three Hundred Dollar (\$300.00) filing fee and the Eight Hundred Seventy Dollar (\$870.00) late fee required by Section 75-71-310(b) of the Act for offering a Regulation D Rule 506 offering in Mississippi without notice filing with the Division.

## **VI. RIGHT TO AN ADMINISTRATIVE HEARING**

If the Respondents wish to contest the allegations set forth above, or offer evidence and arguments to mitigate the allegations, then the Respondents must file a request for hearing. Such request shall be made in writing to Jeffrey Lee, Senior Attorney, Securities Division of the Mississippi Secretary of State's Office, Post Office Box 136, Jackson, Mississippi 39205, within thirty (30) days from the date of receipt of this Order to Cease and Desist, to Pay Restitution, and



to Pay Administrative Penalty. In the event such a hearing is requested, the Respondents may appear, with or without the assistance of an attorney, on a date and at a time and place to be specified and cross-examine witnesses, present testimony, evidence, and argument relating to the matters contained herein. Upon request, subpoenas may be issued for the attendance of witnesses and for the production of books and papers on the Respondents' behalf at the hearing relating to the matters contained herein. If an administrative hearing is requested, written notice of the date, time and place, will be given to all parties by certified mail, return receipt requested. Said notice will also designate a Hearing Officer. If a request for hearing is not timely filed, this Cease and Desist Order becomes final, without any further action, by operation of law.

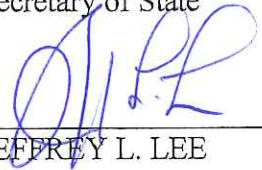
#### **VII. RIGHT TO AMEND**

The Secretary of State hereby reserves the right to amend this Order to Cease and Desist, to Pay Restitution, and to Pay Administrative Penalty, for activities in violation of the Act.

ISSUED, this the 22<sup>nd</sup> day of May, 2017.

C. DELBERT HOSEMANN, JR.  
Secretary of State

BY:

  
\_\_\_\_\_  
JEFFREY L. LEE  
Senior Attorney  
Securities Division

## CERTIFICATE OF SERVICE

I, Jeffrey L. Lee, do hereby certify that I have this day, mailed a true and correct copy, via certified mail, return receipt requested, of the Order to Cease and Desist, to Pay Restitution, and to Pay Administrative Penalty to the following:


John W. McDonald  
3769 Mesa Linda Drive  
Las Vegas, NV 89120

JWM Ventures, LLC  
Attn: John W. McDonald  
376 E. Warm Springs Road  
Las Vegas, NV 89119

Angeles Field Partners, LLC  
1055 East Colorado Blvd., Suite 510  
Pasadena, California 91106

Solie Gracie, LLC  
Attn: Warren Hughes  
3838 W. Carson St., Suite 200  
Torrance, California 90503

This the 22<sup>nd</sup> day of May 2017.

  
\_\_\_\_\_  
JEFFREY L. LEE  
Senior Attorney  
Securities Division  
Mississippi Secretary of State's Office

Jeffrey L. Lee, MSB# 103180  
Mississippi Secretary of State's Office  
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